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OGC/B-7981

4 November 1957

MEMORANDUM FOR: General Counsel

SUBJECT : Patent Secrecy Authority for CIA

1. This is in regard to the matter of the Agency's securing the designation of "defense agency" within the meaning of the patent laws concerned with applications affecting the national security.

2. In accordance with the provisions of 35 U.S.C.A. Section 181 (Tab A), when notified by the chief officer of a defense agency that publication or disclosure of an invention by the grant of a patent would be detrimental to the national security, the Commissioner of Patents is required to issue an order that the invention be kept secret and to withhold the grant. Included within the term "defense agency" are the Atomic Energy Commission, Defense Department, and such other department or agency of the Government as may be designated by the President. While normally, the grant of a patent may not be withheld for more than one year, a secrecy order issued during a period of national emergency remains effective for the duration and six months. The order is directed to the patent applicant and his representatives and prohibits the disclosure of information regarding the invention under penalty of the application being determined abandoned, or in flagrant cases, criminal prosecution.

3. At the present time, four classified applications are pending in the Patent Office as the result of inventions arising out of the performance of contracts for certain research and development work of the Technical Services Staff, DD/P. These applications have been filed pursuant to the informal procedures we have established with a cleared contact in the Commissioner's Office [redacted] 25X
These procedures are that when an item is developed which, although classified, is considered to have patent potential, a formal application on behalf of the employee-inventor is prepared by the contractor's cleared patent counsel, transmitted to the cognizant Agency technical office, and then forwarded to this Office. We hand-carry the papers to [redacted], with 25X
our covering letter which states that the invention is the result of work done under an Agency contract and that it is classified. [redacted] then 25X

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deposits the application in one of the three "secret divisions" (mechanical, electrical or chemical, as the case may be) where, similarly to those applications with respect to which secrecy orders have been issued, it is processed by Patent Office personnel having special clearances. While this informal arrangement has served the useful purpose of getting our classified applications into the proper channel, it will not supply a satisfactory solution to the problem that will arise if one of these applications is ultimately determined to be in condition for allowance as a patent. If and when that point is reached, the Agency must then either declassify the matter or be prepared to have a determination rendered by the Commissioner that the application has been abandoned. This latter consequence results from the fact that the Patent Office may not withhold the grant of a patent merely because the application is classified.

4. Means are available however to reduce the magnitude of the problems that could arise between the Agency and the Patent Office in the execution of their respective responsibilities. The most effective instrument for this purpose would be to obtain a "defense agency" designation for CIA under Section 181. This would of course require affirmative action by the White House. The Department of Justice has been successful in this regard. It was designated a "defense agency" by Executive Order 10457, dated 27 May 1953.

5. In the attempt to obtain data that might evidence the Agency's need for secrecy order authority, TSS and the Office of Communications were requested to furnish an "estimate" of the number of classified patent applications that could be anticipated as the result of their research programs. Understandably, they were not able to supply it--inventions being more within the realm of hope than anticipation. They did indicate, however, that their current programs were extensive and that they anticipated devoting more funds and gray matter to them.

6. In addition to affording the Agency more control over its classified applications, the designation of "defense agency" would also make available a new source of technological information. Ordinarily, applications are held in strict confidence by the Patent Office. However, Section 181 permits defense agency representatives to scrutinize private applications which concern subject matter considered to be detrimental to the national security. The practice has been for the agencies to advise the Patent Office of their respective fields of interest and for the latter to notify them upon receipt of an application related thereto. Both TSS and Commo believe that having inspection privileges would be extremely valuable to them.

7. The possibility of the Agency processing its classified applications through the Defense Department has been considered. Several

deficiencies have been noted however. The more basic of these are that such an approach would not only dilute Agency control over its applications but would also make the above-mentioned inspection privileges unavailable to its personnel. In addition, having the Department issue secrecy orders would, in all probability, require that some mechanics be established for holding it harmless in the event of claims. Such a demand by the Department would not be unreasonable in view of the provisions of Section 183 (Tab B), which grants to the patent applicant a remedy for damages sustained as a result of an order having been issued.

8. Should it be determined that obtaining "defense agency" designation under Section 181 is desirable, I suggest that the matter be brought to the Director's attention. I would be happy to draft the recommendation which, I suppose among other things, should show the concurrences of TSS, Commo, and Logistics, and have as attachments drafts of a letter to the Bureau of the Budget and of the proposed Order. May I discuss this with you further?

25X

Attachments

A

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35 U.S.C.A. Section 181

§181. Secrecy of certain inventions and withholding of patent

Whenever publication or disclosure by the grant of a patent on an invention in which the Government has a property interest might, in the opinion of the head of the interested Government agency, be detrimental to the national security, the Commissioner upon being so notified shall order that the invention be kept secret and shall withhold the grant of a patent therefor under the conditions set forth hereinafter.

Whenever the publication or disclosure of an invention by the granting of a patent, in which the Government does not have a property interest, might, in the opinion of the Commissioner, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commission, the Secretary of Defense, and the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States.

Each individual to whom the application is disclosed shall sign a dated acknowledgment thereof, which acknowledgment shall be entered in the file of the application. If, in the opinion of the Atomic Energy Commission, the Secretary of a Defense Department, or the chief officer of another department or agency so designated, the publication or disclosure of the invention by the granting of a patent thereof would be detrimental to the national security, the Atomic Energy Commission, the Secretary of a Defense Department, or such other chief officer shall notify the Commissioner and the Commissioner shall order that the invention be kept secret and shall withhold the grant of a patent for such period as the national interest requires, and notify the applicant thereof. Upon proper showing by the head of the department or agency who caused the secrecy order to be issued that the examination of the application might jeopardize the national interest, the Commissioner shall thereupon maintain the application in a sealed condition and notify the applicant thereof. The owner of an application which has been placed under a secrecy order shall have a right to appeal from the order to the Secretary of Commerce under rules prescribed by him.

An invention shall not be ordered kept secret and the grant of a patent withheld for a period of more than one year. The Commissioner shall renew the order at the end thereof, or at the end of any renewal period, for additional periods of one year upon notification by the head of the department or the chief officer of the agency who caused the order to be issued that an affirmative determination has been made that the national interest continues so to require. An order in effect, or issued, during a time when the United States is at war, shall remain in effect for the duration of hostilities and one year following cessation of hostilities. An order in effect, or issued, during a national emergency declared by the President shall remain in effect for the duration of the national emergency and six months thereafter. The Commissioner may rescind any order upon notification by the heads of the departments and the chief officers of the agencies who caused the order to be issued that the publication or disclosure of the invention is no longer deemed detrimental to the national security. July 19, 1952, c. 950, §1, 66 Stat. 805.

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35 U.S.C.A. Section 183

§183. Right to compensation

An applicant, his successors, assigns, or legal representatives, whose patent is withheld as herein provided, shall have the right, beginning at the date the applicant is notified that, except for such order, his application is otherwise in condition for allowance, or February 1, 1952, whichever is later, and ending six years after a patent is issued thereon, to apply to the head of any department or agency who caused the order to be issued for compensation for the damage caused by the order of secrecy and/or for the use of the invention by the Government, resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. The head of the department or agency is authorized, upon the presentation of a claim, to enter into an agreement with the applicant, his successors, assigns, or legal representatives, in full settlement for the damage and/or use. This settlement agreement shall be conclusive for all purposes notwithstanding any other provision of law to the contrary. If full settlement of the claim cannot be effected, the head of the department or agency may award and pay to such applicant, his successors, assigns, or legal representatives, a sum not exceeding 75 per centum of the sum which the head of the department or agency considers just compensation for the damage and/or use. A claimant may bring suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such claimant is a resident for an amount which when added to the award shall constitute just compensation for the damage and/or use of the invention by the Government. The owner of any patent issued upon an application that was subject to a secrecy order issued pursuant to section 181 of this title, who did not apply for compensation as above provided, shall have the right, after the date of issuance of such patent, to bring suit in the Court of Claims for just compensation for the damage caused by reason of the order of secrecy and/or use by the Government of the invention resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. In a suit under the provisions of this section the United States may avail itself of all defenses it may plead in an action under section 1498 of title 28. This section shall not confer a right of action on anyone or his successors, assigns, or legal representatives who, while in the full-time employment or service of the United States, discovered, invented, or developed the invention on which the claim is based. July 19, 1952, c.950, §1, 66 Stat. 806.

EXECUTIVE ORDER 10457
(18 F.R. 3083)

WHEREAS, Chapter 17 of Title 35 of the United States Code provides in part that whenever the publication or disclosure of any invention by the granting of a patent therefor might be detrimental to the national security, the invention may be kept secret and the granting of a patent withheld under the conditions and to the extent set out therein;

WHEREAS, Section 181 of the said Chapter 17 provides in part as follows:

> Whenever publication or disclosure of an invention by the granting of a patent, in which the Government does not have a property interest, might, in the opinion of the Commissioner, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commissioner, the Secretary of Defense, and the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States.

AND, WHEREAS, it appears that it would be in the interest of the national security to make the designation hereinafter described:

NOW, THEREFORE, by virtue of the authority vested in me by the above quoted provision of law, I hereby designate the Department of Justice as a defense agency of the United States for the purpose of the said Chapter 17 of Title 35 of the United States Code.

DWIGHT D. EISENHOWER
The White House
May 27, 1953

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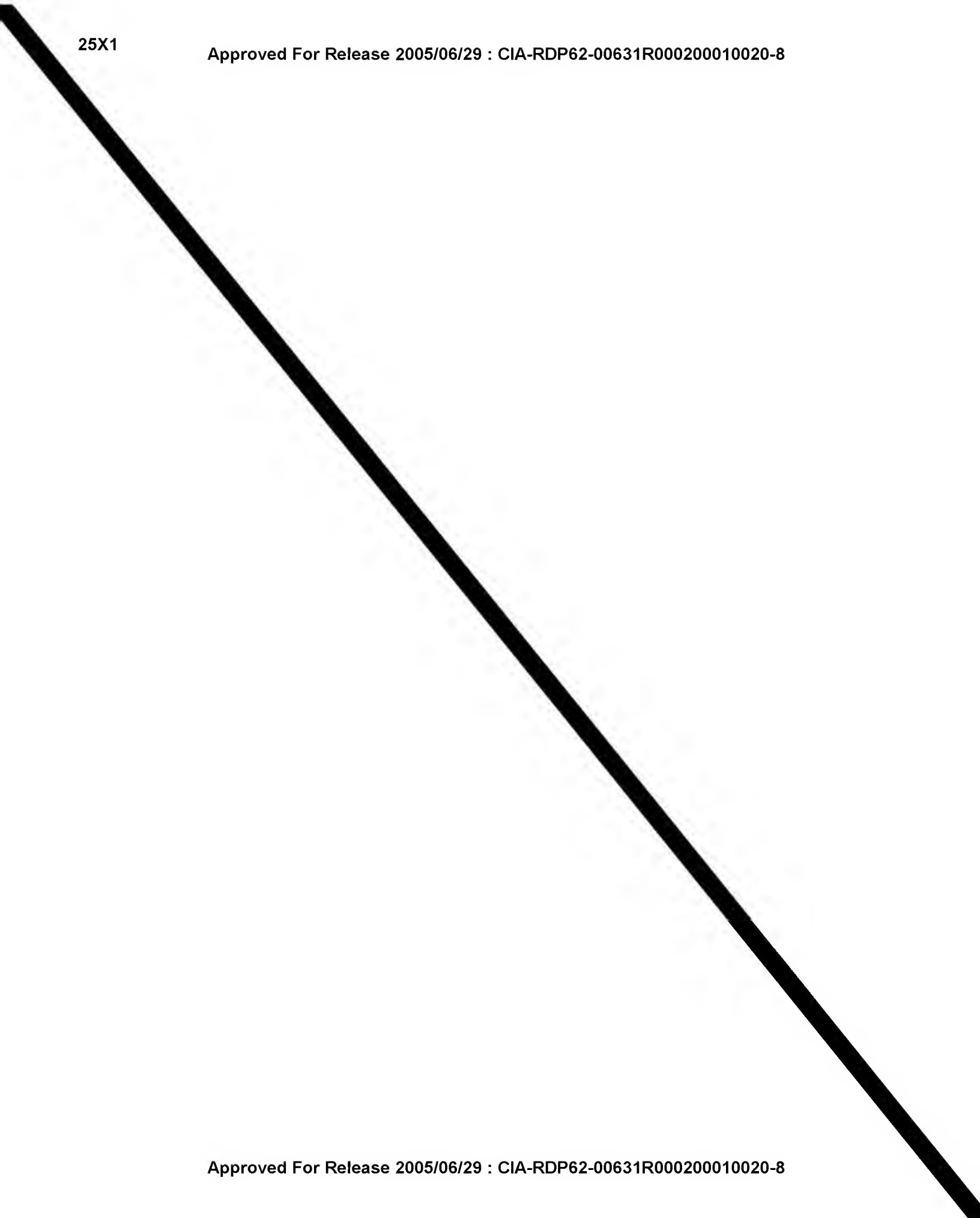

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